
4A

Information

Fiscal Policy Planning Committee of the Whole Committee

Update on the Fiscal Year 2003-04 Budget Act and Proposed 2004-05 Governor's Budget

Executive Summary: This agenda item is intended to inform the Members of the Commission on the salient points of the Commission's portion of the 2004-05 Governor's Proposed Budget, as well as any new updates to the current 2003-04 fiscal year budget.

Recommended Action: None

Presenter: Leyne Milstein, Director,
Information Technology and Support
Management Division

Update on the Fiscal Year 2003-04 Budget Act and Proposed 2004-05 Governor's Budget

Introduction

On January 9, 2004, Governor Arnold Schwarzenegger submitted to the Legislature his proposed budget for Fiscal Year (FY) 2004-05. This agenda item is intended to inform the Members of the Commission on the salient points of the Commission's portion of the 2004-05 Governor's Proposed Budget, as well as any new updates to the current 2003-04 fiscal year budget.

Background

The State Constitution requires that the Governor submit a budget to the Legislature by January 10. It provides for a balance budget in that, if the proposed expenditures for the budget year exceed available resources, the Governor is required to recommend the sources for the additional funding.

Governor's Proposal for Fiscal Year 2004-05

- Approval of BCP Number 1 for the on-going costs for the Commission's Teacher Credentialing Service Improvement Project
- Approval of BCP Number 2 for the reappropriation of Federal Funds for the Commissions Troops to Teachers Program.
- Elimination of the Pre-Intern Program for 2004-05 and redirection of \$2.4 million of the Pre-Intern funding to the Alternative Certification program.
- Reduction of \$600,000 from the operating budget which includes the elimination of 6 positions (\$371,432) from the Certification, Assignment and Waivers Division to reflect the anticipated decrease in workload associated with the implementation of the Teacher Credentialing Service Improvement Project and the phase-out of Emergency Permits.

The budget also includes the **specific details** of the reductions the Commission as **already** taken as a result of Control Section 4.10 of the Budget Act of 2003. To summarize: the impact of this reduction was the elimination of 24.3 positions and \$1,303,000.

In addition, this also reflects the notice of the loan of \$2,800,000 from the Test Development Administration Account to the Teachers Credentials Fund in the current year which reflects a 4 percent decrease in credentials applications. However, it is important to note that based on current data from the Certification, Assignment and Waivers Division the Commission is experiencing an actual 9 percent decrease in the current year. Commission staff will continue to

monitor and update the Commission on application volume as it relates to on-going revenue questions.

Provided for your review is the complete synopsis of the Commission's portion of the 2004–05 proposed Governor's Budget. If you would like additional information regarding the Governor's Proposed Budget you can visit the following website:

http://www.dof.ca.gov/HTML/BUD_DOCS/Bud_link.htm

6360 COMMISSION ON TEACHER CREDENTIALING

Program Objectives Statement

The Commission was established in 1970, with the specific charge of ensuring excellence in education by establishing high standards for the preparation and licensing of public school educators. The Commission carries out its program of standards for the preparation and licensing of teachers through five program elements: Certification, Assignment and Waivers; Professional Services; Professional Practices; Agency Administration; and Policy and Programs.

Authority

Chapter 557, Statutes of 1970 (Education Code 44201 et seq.); Chapter 330, Statutes of 1998.

SUMMARY OF PROGRAM REQUIREMENTS							
	02-03	03-04	04-05	2002-03*	2003-04*	2004-05*	
10.10 Certification, Assignment and Waivers	77.4	66.8	60.8	\$8,812	\$9,348	\$7,467	
10.20 Professional Services	40.0	31.5	31.5	57,045	52,149	43,306	
10.30 Professional Practices	26.2	26.6	26.6	4,474	5,404	4,954	
10.40 Administration	38.9	34.9	34.9	(5,607)	(6,643)	(4,523)	
Distributed Administration	—	—	—	(-5,607)	(-6,643)	(-4,523)	
TOTALS, PROGRAMS	182.5	159.8	153.8	\$70,331	\$66,901	\$55,727	
0001 General Fund ¹				39,807	39,832	31,814	
0407 Teacher Credentials Fund				15,400	16,838	13,891	
0408 Test Development and Administration Account, Teacher Credentials Fund				11,839	9,691	9,678	
0890 Federal Trust Fund				3,285	457	147	
0995 Reimbursements				—	83	197	

¹ Some of the amounts included as General Fund are for the purposes of meeting the minimum funding guarantee for educational programs pursuant to Section 8 of Article XVI of the California Constitution. Specific appropriations are identified in the RECONCILIATION(S) WITH APPROPRIATIONS.

10 STANDARDS FOR THE PREPARATION AND LICENSING OF TEACHERS

10.10 Certification, Assignment and Waivers

Program Element Statement

The main objective of this program element is to receive, review and process applications for teacher and school service authorization documents, including credentials, permits, certificates and requests for waiver of various requirements. Appeals resulting from the denial of documents are also processed by this element. This element also provides information to credential applicants, credential holders, and credential personnel at the college, university, county, and school district levels regarding specific documents and the requirements and standards for the multitude of teacher authorizations issued. This element conducts data collection, planning and research supportive of its function. This element also monitors certificated assignments in collaboration with county offices of education.

Major Budget Adjustments Proposed for 2003-04

- Other Reductions
 - \$512,000 and 17.0 positions from the Teacher Credentials Fund pursuant to Control Section 4.10 of the Budget Act of 2003. The total reduction amount of \$725,000 was offset by \$213,000 in funding that was retained for one-time costs associated with the position reductions.
- Other Adjustments
 - \$2.8 million loan from the Test Development and Administration Account to the Teacher Credentials Fund. This loan and proposed state operations reductions are intended to stabilize the Teacher Credentials Fund, which is experiencing an unanticipated 4 percent decrease in revenues for 2003-04.

Major Budget Adjustments Proposed for 2004-05

- Other Reductions
 - \$2.1 million in one-time funding from the Teacher Credentials Fund for the Teacher Credential Service Improvement Project.
 - \$725,000 and 17.0 positions from the Teacher Credentials Fund pursuant to Control Section 4.10 of the Budget Act of 2003.
 - \$600,000 and 6.0 positions from the Teacher Credentials Fund to reflect an anticipated decrease in workload due to the implementation of the Teachers Credential Service Improvement Project and the phase-out of Emergency Permits.

10.20 Professional Services

Program Element Statement

The first objective of this element, in concert with the Committee of Accreditation, is to review and approve teacher preparation programs in four-year public and private colleges and universities. Related activities are to establish standards for teacher education and training; and to conduct data collection, research and planning supportive of this area. This element also provides management and oversight to specially funded projects related to alternative certification, pre-intern programs, paraprofessional educator programs, and beginning teacher support and assessment.

For the list of standard (lettered) footnotes, see the end of the Governor's Budget.

* Dollars in thousands, except in Salary Range.

6360 COMMISSION ON TEACHER CREDENTIALING—Continued

The other objective of this element is to develop, administer and monitor examinations and assessments required for teacher licensing. These examinations and assessments include: California Basic Educational Skills Tests; Single and Multiple Subject examinations; Reading Instruction Competence Assessment; Crosscultural, Language and Academic Development; Bilingual, Crosscultural, Language and Academic Development; and other examinations and assessments as required by the Education Code. In addition to the development, administration and monitoring of the various examination and assessment programs, the unit conducts research on the validity of its testing instruments, writes reports for the Commission, and maintains statewide records on candidate performance.

Major Budget Adjustments Proposed for 2003–04

- Other Reductions
 - \$307,000 and 5.0 positions from the Teacher Credentials Fund pursuant to Control Section 4.10 of the Budget Act of 2003. The total reduction amount of \$405,000 was offset by \$98,000 in funding that was retained for one-time costs associated with the position reductions.
 - \$87,000 and 1.0 position from the Test Development and Administration Account pursuant to Control Section 4.10 of the Budget Act of 2003.

Major Budget Adjustments Proposed for 2004–05

- General Fund Adjustments
 - \$2.4 million increase in Proposition 98 General Fund for the Intern Program to support an additional 955 interns.
- General Fund Reductions
 - \$10.4 million Proposition 98 General Fund from the elimination of the Pre-Intern Program as this program does not provide teachers who meet the No Child Left Behind definition of highly qualified.
- Other Reductions
 - \$405,000 and 5.0 positions from the Teacher Credentials Fund pursuant to Control Section 4.10 of the Budget Act of 2003.
 - \$87,000 and 1.0 position from the Test Development and Administration Account pursuant to Control Section 4.10 of the Budget Act of 2003.
- Other Funds
 - \$147,000 in federal funds carryover for the Troops to Teachers Program.

10.30 Professional Practices**Program Element Statement**

The professional practices element, carried out by the Committee of Credentials, reviews the conduct of individual credential applicants and credential holders. Such reviews occur upon initial application for a credential, when a credential is renewed, or when there are allegations against a credential holder relating to criminal activity, unprofessional conduct or problems that would impact the status of a license. The objective of this element is to investigate allegations against credential applicants and holders relating to immoral or unprofessional conduct or for persistent defiance of and refusal to obey the laws regulating the duties of persons serving in the public schools, and to determine whether probable cause exists for denial, private admonition, public reproof, suspension or revocation of the credentials of such persons.

Additionally, the professional practices legal staff provides legal counsel and advice for all divisions within the Commission on Teacher Credentialing. In this General Counsel role, legal opinions are generated in the areas of contract, personnel, legislation and litigation outside professional practices.

Major Budget Adjustments Proposed for 2003–04

- Other Reductions
 - \$74,000 and 1.0 position from the Teacher Credentials Fund pursuant to Control Section 4.10 of the Budget Act of 2003. The total reduction amount of \$86,000 was offset by \$12,000 in funding that was retained for one-time costs associated with the position reductions.

Major Budget Adjustments Proposed for 2004–05

- Other Reductions
 - \$86,000 and 1.0 positions from the Teacher Credentials Fund pursuant to Control Section 4.10 of the Budget Act of 2003.

PROGRAM BUDGET DETAIL**PROGRAM REQUIREMENTS****10 STANDARDS FOR THE PREPARATION AND LICENSING OF TEACHERS**

	<i>2002–03*</i>	<i>2003–04*</i>	<i>2004–05*</i>
State Operations:			
0001 General Fund	\$33	\$18	–
0407 Teacher Credentials Fund	15,400	16,838	\$13,891
0408 Test Development and Administration Account, Teacher Credentials Fund	11,839	9,691	9,678
0890 Federal Trust Fund	2,862	79	147
0995 Reimbursements	–	83	197
Totals, State Operations	\$30,134	\$26,709	\$23,913
Local Assistance:			
0001 General Fund	39,774	39,814	31,814
0890 Federal Trust Fund	423	378	–
Totals, Local Assistance	\$40,197	\$40,192	\$31,814

* Dollars in thousands, except in Salary Range.

6360 COMMISSION ON TEACHER CREDENTIALING—Continued**ELEMENT REQUIREMENTS**

	2002-03*	2003-04*	2004-05*
10.10 Certification, Assignment and Waivers	\$8,812	\$9,348	\$7,467
State Operations:			
0001 General Fund	—	—	—
0407 Teacher Credentials Fund	7,786	8,614	6,733
0408 Test Development and Administration Account, Teacher Credentials Fund	676	426	426
Local Assistance:			
0001 General Fund	350	308	308
10.20 Professional Services	57,045	52,149	43,306
State Operations:			
0001 General Fund	33	18	—
0407 Teacher Credentials Fund	3,295	3,044	2,436
0408 Test Development and Administration Account, Teacher Credentials Fund	11,008	9,041	9,020
0890 Federal Trust Fund	2,862	79	147
0995 Reimbursements	—	83	197
Local Assistance:			
0001 General Fund	39,424	39,506	31,506
0890 Federal Trust Fund	423	378	—
10.30 Professional Practices	4,474	5,404	4,954
State Operations:			
0407 Teacher Credentials Fund	4,319	5,180	4,722
0408 Test Development and Administration Account, Teacher Credentials Fund	155	224	232
TOTAL EXPENDITURES			
State Operations	\$30,134	\$26,709	\$23,913
Local Assistance	40,197	40,192	31,814
TOTALS, EXPENDITURES	<u>\$70,331</u>	<u>\$66,901</u>	<u>\$55,727</u>

SUMMARY BY OBJECT**1 STATE OPERATIONS**

	02-03	03-04	04-05	2002-03*	2003-04*	2004-05*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	182.5	194.4	194.4	\$9,132	\$10,044	\$10,157
Total Adjustments	—	-24.3	-30.3	—	-582	-1,142
Estimated Salary Savings	—	-10.3	-10.3	—	-579	-579
Net Totals, Salaries and Wages	182.5	159.8	153.8	\$9,132	\$8,883	\$8,436
Staff Benefits	—	—	—	2,387	2,205	1,885
Totals, Personal Services	182.5	159.8	153.8	\$11,519	\$11,088	\$10,321
OPERATING EXPENSES AND EQUIPMENT				<u>\$18,615</u>	<u>\$15,621</u>	<u>\$13,592</u>
TOTALS, EXPENDITURES				<u>\$30,134</u>	<u>\$26,709</u>	<u>\$23,913</u>

RECONCILIATION WITH APPROPRIATIONS**1 STATE OPERATIONS****0001 General Fund**

	2002-03*	2003-04*	2004-05*
APPROPRIATIONS			
001 Budget Act appropriation	\$51	—	—
Adjustment per Section 3.90	-51	—	—
Prior year balances available:			
Chapter 703, Statutes of 2000	51	\$18	—
Totals Available	\$51	\$18	—
Balance available in subsequent years	-18	—	—
TOTALS, EXPENDITURES	<u>\$33</u>	<u>\$18</u>	<u>—</u>
0407 Teacher Credentials Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$16,001	\$16,865	\$13,891
Allocation for employee compensation	209	—	—
Adjustment per Section 3.60	277	694	—

* Dollars in thousands, except in Salary Range.

6360 COMMISSION ON TEACHER CREDENTIALING—Continued

	2002-03*	2003-04*	2004-05*
Reduction per Section 4.10.....	—	-\$338	—
Adjustment per Section 4.10.....	—	-383	—
Adjustment per Section 31.60.....	-\$644	—	—
Adjustment per Section 31.70.....	322	—	—
Prior year balances available:			
Chapter 544, Statutes of 1998.....	297	—	—
Totals Available	\$16,462	\$16,838	\$13,891
Unexpended balance, estimated savings	-1,062	—	—
TOTALS, EXPENDITURES	\$15,400	\$16,838	\$13,891
0408 Test Development and Administration Account, Teacher Credentials Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$9,931	\$9,744	\$9,678
Allocation for employee compensation	7	—	—
Adjustment per Section 3.60	32	5	—
Reduction per Section 4.10.....	—	-195	—
Adjustment per Section 4.10.....	—	137	—
Revised expenditure authority per Provision 1	2,027	—	—
Prior year balances available:			
Chapter 623, Statutes of 1999.....	700	—	—
Totals Available	\$12,697	\$9,691	\$9,678
Unexpended balance, estimated savings	-858	—	—
TOTALS, EXPENDITURES	\$11,839	\$9,691	\$9,678
0890 Federal Trust Fund			
APPROPRIATIONS			
001 Budget Act appropriation	—	\$7	\$147
Budget Adjustment	—	72	—
Federal Funds	\$2,670	—	—
Budget Adjustment	192	—	—
TOTALS, EXPENDITURES	\$2,862	\$79	\$147
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements.....	—	\$83	\$197
TOTALS, EXPENDITURES, ALL FUNDS (State Operations).....	\$30,134	\$26,709	\$23,913

**SUMMARY BY OBJECT
2 LOCAL ASSISTANCE**

	2002-03*	2003-04*	2004-05*
Grants and subventions (expenditures).....	\$40,197	\$40,192	\$31,814

**RECONCILIATION WITH APPROPRIATIONS
2 LOCAL ASSISTANCE
0001 General Fund, Proposition 98**

	2002-03*	2003-04*	2004-05*
APPROPRIATIONS			
101 Budget Act appropriation	\$45,728	\$39,814	\$31,814
Adjustment per Mid-Year Revision Legislation	-8,698	—	—
Totals Available	\$37,030	\$39,814	\$31,814
Unexpended balance, estimated savings	-4,415	—	—
TOTALS, EXPENDITURES	\$32,615	\$39,814	\$31,814

* Dollars in thousands, except in Salary Range.

6360 COMMISSION ON TEACHER CREDENTIALING—Continued**0001 General Fund**

APPROPRIATIONS	2002-03*	2003-04*	2004-05*
Reappropriation from the Prop 98 Reversion Account per Item 6360-485, Budget Act of 2002	\$8,350	—	—
Totals Available	\$8,350	—	—
Unexpended balance, estimated savings	—1,191	—	—
TOTALS, EXPENDITURES	\$7,159	—	—
TOTALS, GENERAL FUND EXPENDITURES	\$39,774	\$39,814	\$31,814

0890 Federal Trust Fund

APPROPRIATIONS			
101 Budget Act appropriation-Transition to Teaching Program	\$3,149	\$378	—
Budget Adjustment	—2,726	—	—
TOTALS, EXPENDITURES	\$423	\$378	—
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$40,197	\$40,192	\$31,814
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$70,331	\$66,901	\$55,727

FUND CONDITION STATEMENT**0407 Teacher Credentials Fund ^s**

	2002-03*	2003-04*	2004-05*
BEGINNING BALANCE	\$1,859	\$199	\$58
Prior year adjustments	—733	—	—
Adjusted Beginning Balance	\$1,126	\$199	\$58
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
122900 Teacher Credential Fees	14,273	13,697	13,697
131600 Fingerprint ID Card Fees	118	118	118
141200 Sales of Documents	2	2	2
142500 Miscellaneous Services to the Public	1	1	1
150300 Income From Surplus Money Investments	39	39	39
161000 Escheat of Unclaimed Checks & Warrants	7	7	7
161400 Miscellaneous Revenue	33	33	33
Transfers and Other Adjustments:			
FO0408 From Test Development and Administration Account, Teacher Credentials Fund loan per Education Code Section 44235.1	—	2,800	—
Total Revenues, Transfers, and Other Adjustments	\$14,473	\$16,697	\$13,897
Total Resources	\$15,599	\$16,896	\$13,955
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
6360 Commission on Teacher Credentialing (State Operations)	15,400	16,838	13,891
Total Expenditures and Expenditure Adjustments	\$15,400	\$16,838	\$13,891
FUND BALANCE	\$199	\$58	\$64
Reserve for economic uncertainties	199	58	64

**0408 Test Development and Administration Account,
Teacher Credentials Fund ^s**

BEGINNING BALANCE	\$1,645	\$4,327	\$5,076
Prior year adjustments	2,207	—	—
Adjusted Beginning Balance	\$3,852	\$4,327	\$5,076
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
123000 Teacher Examination Fees	12,254	13,040	13,692
150300 Income From Surplus Money Investments	60	200	200
Transfers and Other Adjustments:			
TO0407 To Teacher Credentials Fund loan per Education Code Section 44235.1	—	—2,800	—
Total Revenues, Transfers, and Other Adjustments	\$12,314	\$10,440	\$13,892
Total Resources	\$16,166	\$14,767	\$18,968

* Dollars in thousands, except in Salary Range.

6360 COMMISSION ON TEACHER CREDENTIALING—Continued**EXPENDITURES AND EXPENDITURE ADJUSTMENTS**

Expenditures:	2002-03*	2003-04*	2004-05*
6360 Commission on Teacher Credentialing (State Operations)	\$11,839	\$9,691	\$9,678
Total Expenditures and Expenditure Adjustments	\$11,839	\$9,691	\$9,678
FUND BALANCE	\$4,327	\$5,076	\$9,290
Reserve for economic uncertainties	4,327	5,076	9,290

CHANGES IN**AUTHORIZED POSITIONS**

	02-03	03-04	04-05	2002-03*	2003-04*	2004-05*
Totals, Authorized Positions	182.5	194.4	194.4	\$9,132	\$10,044	\$10,157
Salary adjustments	—	—	—	—	109	109
Totals, Adjusted Authorized Positions	182.5	194.4	194.4	\$9,132	\$10,153	\$10,266
Workload and Administrative Adjustments:						
Reductions in Authorized Positions:						
Certification Operation/Support:				Salary Range		
Staff Svcs Analyst	—	—	-3.0	2,507-3,957	—	-143
Prog Techn II	—	—	-1.0	2,348-2,855	—	-34
Ofc Asst-Typing	—	—	-2.0	1,908-2,515	—	-60
Totals, Workload and Administrative Adjustments	—	—	-6.0	—	—	-\$237
Adjustment per Control Section 4.10:						
Certification, Assignment and Waivers						
Division (CAW):						
CAW-Administration:						
Assoc Govtl Prog Analyst	—	-1.0	-1.0	3,915-4,759	—	—
Ofc Techn-Typing	—	-1.0	-1.0	2,390-2,905	—	—
Certification Operation/Support:						
Staff Svcs Analyst	—	-2.3	-2.3	2,507-3,957	—	—
Ofc Asst-Typing	—	-4.0	-4.0	1,908-2,515	—	—
Ofc Asst-Gen	—	-5.8	-5.8	1,846-2,456	—	—
Professional Services Division (PSD):						
PSD-Administration:						
Administrator I	—	-1.0	-1.0	5,661-6,883	—	—
Special Projects and Research:						
Assoc Govtl Prog Analyst	—	-1.0	-1.0	3,915-4,759	—	—
Program Development and Research:						
Administrator I	—	-1.0	-1.0	5,661-6,883	—	—
Secty	—	-1.0	-1.0	2,390-2,905	—	—
Teacher Development Assessment and Research:						
Consultant-Prog Eval & Research	—	-0.4	-0.4	5,094-6,189	—	—
Asst Consultant	—	-0.8	-0.8	3,839-5,632	—	—
Exam-Administration:						
Consultant-Exams & Research	—	-1.0	-1.0	5,094-6,189	—	—
Division of Professional Practices:						
Staff Counsel	—	-1.0	-1.0	3,651-7,034	—	—
Administration Division:						
Executive Office:						
Ofc Techn-Typing	—	-1.0	-1.0	2,390-2,905	—	—
Information Technology and Support						
Management Division:						
Ofc Svcs Supvr I-Typing	—	-1.0	-1.0	2,348-2,856	—	—
Enterprise Technology and Support						
Services Section:						
Staff Svcs Analyst-Gen	—	-1.0	-1.0	2,507-3,957	—	—
Section 4.10 net dollar reduction	—	—	—	—	-691	-1,014
Total	—	-24.3	-24.3	—	-\$691	-\$1,014
Total Adjustments	—	-24.3	-30.3	—	-\$582	-\$1,142
TOTALS, SALARIES AND WAGES	182.5	170.1	164.1	\$9,132	\$9,462	\$9,015

* Dollars in thousands, except in Salary Range.